
FISCAL UPDATE Article

Fiscal Services Division

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Des Moines, Iowa 50319

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END OF SESSION – SF 2407 – RACEWAY FACILITY SALES TAX REBATE MODIFICATION

Description. [Senate File 2407](#) modifies the raceway facility sales tax rebate. Based on the specific eligibility requirements for a raceway facility noted in the Iowa Code, the only raceway that will qualify for this sales tax rebate is the Knoxville Raceway. The Act eliminates the construction materials and services rebate and decreases the total amount of the rebate available to the lesser of project costs incurred after the effective date of the Act or \$1.8 million.

Fiscal Impact. [Senate File 2407](#) will transfer an estimated \$744,000 in sales tax revenue currently deposited in the General Fund to the Raceway Facility Tax Rebate Fund in FY 2019, approximately \$200,000 annually from FY 2020 to FY 2024, and approximately \$68,000 in FY 2025 before the \$1.8 million transfer cap is reached. Expenditures from the Raceway Facility Tax Rebate Fund are expected to take place in equal increments of \$255,000 from FY 2019 to FY 2025.

The Department of Revenue will incur administrative costs to implement the rebate program, with ongoing annual costs estimated at \$18,000 for the staff time necessary to track the taxes paid and rebate claims made.

Enactment Date. The Act was approved by the General Assembly on April 11, 2018, and signed by the Governor on May 16, 2018.

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